

THE BILL RENTERS WILL PAY

How the 2026 Federal Budget reshapes property investment on the Gold Coast

By Mark Kilroy | Board Member, Gold Coast Central Chamber of Commerce

The Gold Coast is one of Australia's fastest growing cities.

In the past decade, the population has grown by more than 25 percent. House prices have more than doubled. Rental vacancy sits at around one percent. That is not a statistic. In any serious housing market, it is a crisis. There are more people arriving every month than there are homes to put them in, and the gap is not closing.

GOLD COAST MARKET SNAPSHOT 2026	
Population growth (10 years)	+25%
Median house price change (5 years)	+112%
Rental vacancy rate	~1.0%
Healthy vacancy benchmark	~3.0%
Annual population arrivals	15,000+

Into this environment, the Federal Government has delivered a budget that will reshape how investors think about residential property. The coverage has been loud and largely focused on negative gearing. But negative gearing is not the reform that will define the next decade of Gold Coast housing.

Capital gains tax is. And renters will feel it first.

For a full breakdown of how the 2026 Federal Budget affects your position, visit markkilroy.com.au/budget-2026

The Reform That Actually Matters

Australia's 50 percent capital gains discount on assets held longer than 12 months is being replaced with an inflation-adjusted cost base model.

On first read this sounds reasonable, even technical. On second read, when you model what it means for a property held 20 years in one of Australia's strongest growth markets, the numbers get uncomfortable fast.

The same Gold Coast property. Two very different tax bills.

	OLD RULES	NEW RULES
Purchase price (2005)	\$400,000	\$400,000
Sale price (2026)	\$1,200,000	\$1,200,000

Nominal gain	\$800,000	\$800,000
Inflation adjustment / discount	50% discount applied	Cost base adjusted for CPI
Taxable gain	\$400,000	Higher in strong growth markets
Outcome	Known, predictable	Complex, scenario-dependent

For investors who have spent decades building a portfolio as their retirement strategy, this is not a footnote. It affects how they think about selling, when they sell, and whether they sell at all.

Getting the Numbers Right

Here is what most commentary has missed.

The inflation-adjusted model is only as accurate as your records. To calculate your adjusted cost base correctly, you need complete documentation across the entire hold period. If that documentation is incomplete, you face two bad outcomes: you overpay tax, or you underpay and trigger an ATO audit at exactly the wrong moment.

The investors who navigate this environment best are not necessarily those with the largest portfolios. They are the ones who kept proper records from day one.

WHAT INVESTORS NEED ON FILE FROM DAY ONE	
✓ Purchase price and settlement statement	Required for cost base calculation
✓ Stamp duty and legal costs	Eligible cost base additions
✓ Capital improvement records	Renovations, extensions, upgrades
✓ Depreciation schedules (every year)	Affects cost base on exit under new CGT model
✓ Holding costs documentation	Interest, rates, insurance where applicable
✓ Sale costs at exit	Agent fees, legal costs reduce capital gain

This is not complicated. It is just something most investors have historically left to the last minute, because under the old discount model the stakes at exit were lower. They are not lower anymore.

For worked CGT scenarios specific to Gold Coast property, including how depreciation interacts with the new cost base model, visit markkilroy.com.au/budget-2026

Negative Gearing: The Visible Reform

Negative gearing has attracted most of the political heat, and the actual change is more targeted than the coverage suggests.

For existing investment properties, nothing changes. For newly acquired residential properties, losses will be quarantined and carried forward, offset against future investment income or capital gains rather than immediately deducted against salary or business income. The deduction does not disappear. The timing shifts.

The more significant effect is on investor appetite at the margin. First and second time investors who were relying on the immediate tax offset to make the numbers work are reconsidering. That hesitation, multiplied across thousands of potential investors nationally, is where the supply problem begins.

What Investors Will Do Instead

Markets adapt. Investors will too. Two shifts are already being discussed.

The first is holding longer. If the cost of crystallising a gain has increased, the rational response is to defer the sale event. Investors who might have exited in year 10 will hold to year 15 or 20. This reduces turnover, which reduces stock available to new buyers, which tightens an already constrained market.

The second is a move toward commercial property. Commercial assets carry different depreciation profiles and, in some structures, different CGT treatment. For sophisticated investors, the relative attractiveness of commercial has increased. Both shifts make the housing supply problem worse.

The Bill Renters Will Pay

This is where the policy debate becomes a human story.

A healthy rental market runs at around three percent vacancy. The Gold Coast is sitting at one percent. The difference between those two numbers is the difference between renters having choices and renters having none.

Population growth is not slowing. The city's liveability, its infrastructure investment, its proximity to Brisbane during an Olympic build-up cycle, all of it is drawing people here. Those people need somewhere to live.

If investor appetite softens even modestly, rental supply does not keep pace with demand. Landlords do not need to be greedy for rents to rise. They just need options. In a one percent vacancy market, they have them. Renters do not.

The reform was designed to improve housing affordability by encouraging investors to sell to owner-occupiers. But the new CGT settings create the opposite incentive. Investors will hold longer, not sell sooner. The unintended consequence is a tighter market, higher rents, and fewer choices for Gold Coast residents least able to absorb the cost.

What Depreciation Still Does

Tax depreciation remains one of the few investment tools the budget did not touch. The deduction for the decline in value of income-producing buildings and assets is intact. For investors navigating tighter negative gearing rules and a more complex CGT environment, depreciation continues to reduce taxable income during the hold period.

But here is the nuance that matters. Depreciation claimed during the hold period affects your cost base calculation on exit. Under the new CGT model, the depreciation deductions that reduced your tax each year feed directly into your capital gain calculation when you sell. Getting that interaction right requires proper documentation from acquisition, not a scramble at sale.

Depreciation is more valuable now, not less. But only if the records are there to support it.

What the Gold Coast Actually Needs

This city was not built by people who waited for certainty before they committed capital.

It was built by investors who backed long-term growth, developers who took risk on new communities, business owners who hired before the demand was guaranteed. The Gold Coast's trajectory from tourism town to Australia's sixth largest city is a story of private capital making long bets and being rewarded for it.

The budget has changed the rules of that bet. Not fatally, but materially.

The investors who will perform best are those who understand the new settings clearly, document their positions properly from day one, and take advice before acquiring rather than after selling.

The Gold Coast will keep growing. The demand is structural and it is not going away. What changes is how much of that demand gets met by new supply, how quickly, and at what cost to the people waiting at the bottom of the market.

That is not a property investor problem. That is a community problem. And it deserves more than a headline.

For a full analysis of how the 2026 Federal Budget affects property investors on the Gold Coast, including CGT scenarios, depreciation planning, and practical next steps, visit markkilroy.com.au/budget-2026

About the Author

Mark Kilroy is the founder and CEO of Koste Chartered Quantity Surveyors, a Gold Coast based firm specialising in tax depreciation and CGT cost base documentation. He is a board member of the Gold Coast Central Chamber of Commerce and has worked in property, taxation, and quantity surveying across Australia, the United Kingdom, and the United States for more than two decades.